

1 Q. Please state your name and business address
2 for
3 the record.

4 A. My name is Dan Graves. My business address
5 is 472 West Washington Street, Boise, Idaho.

6 Q. By whom are you employed and in what
7 capacity?

8 A. I am employed by the Idaho Public Utilities
9 Commission as a Utilities Compliance Investigator.

10 Q. What is your educational and professional
11 background?

12 A. I received a Bachelor of Science Degree in
13 Management from Tarkio College in 1987 and a Master of
14 Public Administration from the University of Missouri
15 in 1990. I attended the NARUC Management Analyst
16 Training, September 1987, the NARUC Basic Training for
17 Management Analysts, June 1988, and the NARUC
18 Regulatory Studies Program, August 1991. The Missouri
19 Public Service Commission from 1987 to 1992 employed me
20 as a Management Services Specialist for four years and
21 Assistant to the Chairman for one year. I have been in
22 my current position of Utilities Compliance
23 Investigator since December 2000.

24 Q. What is the purpose of your testimony in this
25 proceeding?

A. The purpose of my testimony is to discuss my

1 findings from a review of Avista Corporation dba Avista
2 Utilities' (Avista) public notices, and address Avista's
3 compliance with the Idaho Public Utilities Commission's
4 (Commission) Utility Customer Relations Rules (UCRR),
5 IDAPA 31.21.0100, et seq., and Utility Customer
6 Information Rules (UCIR), IDAPA 31.21.02000, et seq. I
7 will summarize the written comments filed with the
8 Commission by customers after Avista announced its
9 request for a rate increase. I will describe briefly a
10 number of Demand Side Management (DSM) programs
11 initiated by Avista to encourage and promote energy
12 conservation among its customers. Finally, I will
13 discuss Avista's efforts to mitigate the impact of rate
14 increases on customers.

15
16 Q. Has the Company complied with Utility
17 Customer Information Rules (UCIR) with regard to
18 customer notice of the requested rate increase?

19 A. The customer notice was presented to
20 customers in the form of a bill stuffer, and was mailed
21 out in the normal billing cycles beginning July 20 and
22 ending August 20, 2001. The press release was included
23 when Avista filed its Application on July 18, 2001.
24 Both documents met the requirements of Rule 102 of the
25 Commission's UCIR.

Q. You've read the written comments submitted by

1 customers after they learned of Avista's proposed rate
2 increase. What concerns were expressed by customers?
3

4 A. As of August 24, 2001, the Commission
5 received nine (9) written comments from customers
6 opposed to the rate increase. In addition, the
7 Consumer Assistance Staff received two (2) telephone
8 calls from customers opposing Avista's request to
9 increase rates. The majority of the persons commenting
10 blame Avista management for making poor financial
11 decisions, thus precipitating the need to increase
12 rates again. Others expressed deep concern for the
13 economic impact another rate increase will have on an
14 already depressed economy in northern Idaho. They
15 expressed fear of more businesses cutting back,
16 reducing employees and in some cases, actually being
17 forced out of business, further contributing to the
18 decline of the local economy. At least two of the
19 comments were from elderly customers with fixed incomes
20 who were concerned that they could not absorb another
21 energy rate increase.

22 Q. Customers experienced unseasonably cold
23 weather during the past heating season. How were
24 Avista's low income and elderly customers on fixed
25 incomes able to cope with the high energy bills?

A. During this past heating season 2,359 of

1 Avista's electric and gas customers in Idaho received a
2 total of \$472,122.00 in financial assistance through
3 programs such as LIHEAP and Project Share. This is a
4 significant increase over the same period last year,
5 when 1,815 customers received financial assistance
6 totaling \$303,291.00. The LIHEAP energy assistance
7 program requires that customers qualify under federal
8 income guidelines. Assistance amounts to a one-time
9 payment made directly to Avista. The Project Share
10 program is funded by donations and is available on a
11 case-by-case basis in emergency situations. Applicants
12 need only to contact organizations like the Salvation
13 Army, American Red Cross or a local Community Action
14 Agency to apply for assistance. In addition, county
15 welfare benefits are often available, but recipients
16 may be asked to pay back a portion or all of the
17 assistance they receive.

18 Q. As a result of the increase in financial
19 assistance received by Avista's low income customers,
20 were the number of service disconnections reduced this
21 year over last year?

22 A. No, in fact the number of disconnects
23 increased. However, without the increase in financial
24 assistance the actual number of disconnects may have
25 been

1 much greater. Avista mailed 25,421 disconnection
2 notices
3 and 20,306 twenty-four hour notices during the months
4 of
5 March, April and May following the winter Moratorium.
6 Some customers received more than one notice during
7 this
8 time frame. As a result, 2,133 customers were
9 disconnected between March and May 2001. Of the 2,133
10 customers disconnected, 114 were gas-only customers,
11 1,141 electric-only customers and 878 combination gas
12 and electric customers. During the same period last
13 year, the Company mailed 32,241 disconnection notices
14 and 26,386 twenty-four hour notices that resulted in
15 2,047 customers being disconnected. Of those 2,047
16 customers, 90 were gas-only customers, 1098 electric-
17 only customers and 859 combination gas and electric
18 customers. The number of mailed notices decreased
19 because in July 2000, Avista increased the threshold
20 amount that triggers the sending of a notice to
21 \$100.00, up from \$50.00, the threshold amount specified
22 in the Commission's Rule 310.01 of the Utility Customer
23 Relations Rules.

23 Q. Are there other customer assistance programs
24 sponsored by Avista?

25 A. Yes, other programs supported by Avista
include a program called "CARES", which assists elderly

1 and disabled customers, and the Company's level pay
2 program, referred to as "Comfort Level Billing" or
3 "CLB". In the CARES program the Company uses two full-
4 time employees to help customers obtain information on
5 energy assistance funds and help provide special
6 payment arrangements.

7 Currently, there are 531 customers in Idaho listed as
8 "CARES" accounts.

9 Q. How many of Avista's customers chose to
10 participate in CLB and when can they expect their
11 payments to be adjusted if rates are increased?

12 A. Currently, 13,731 customers participate in
13 CLB. The CLB payment amount is computed based on the
14 average of the most recent twelve months of billing
15 history for the customer's address. This year, due to
16 the close proximity of the filing for the PGA and the
17 PCA, Avista plans to adjust both at the same time to
18 minimize the number of times customers on CLB have
19 their plan amount changed. The adjustment is planned
20 for a date following the Commission's decision on the
21 PCA.

22 Q. Avista has a number of Demand Side Management
23 (DSM) rebate programs to encourage and promote
24 efficient energy use by its customers. Could you
25 describe briefly those programs?

1 A. Yes, Avista offers a number of programs
2 designed to promote conservation. Generally, the
3 programs include rebates and energy buy-back programs.

4 In Staff Exhibit No. 103, I have provided a brief
5 description of the different rebate programs offered by
6 the Company. In addition, Company-wide, Avista mailed
7 1.8 million \$6.00 off coupons to residential customers
8 for purchasing florescent light bulbs. Each customer
9 was

10 sent two coupons. To date a total of 172,000 coupons
11 have been redeemed; Idaho customers redeemed
12 approximately 51,600 coupons, 30% of the total. Avista
13 offered a similar program for their commercial
14 customers. It was a temporary program and ended July
15 31, 2001. Participants in the commercial program could
16 receive a rebate of up to \$10.00 for each florescent
17 light bulb purchased. To date approximately 123,880
18 compact florescent bulbs have been purchased Company-
19 wide.

20 Q. In addition to the rebate programs, Avista
21 has a number of Energy Buy-Back programs. Please
22 describe these programs?

23 A. Currently, Avista has three Energy Buy-Back
24 programs: one for residential, commercial, and
25 industrial customers; one for irrigation customers; and

1 one for high-use industrial customers. In June 2001,
2 the Commission approved a new Schedule 92, All Customer
3 Electric Energy Buy-Back program. The program was
4 designed to encourage electric conservation by
5 providing a financial incentive for energy savings in
6 excess of 5% of the customer's prior year's usage. The
7 program applies to all metered customers who have lived
8 at the same address, or who have had the same place of
9 business for the past twelve consecutive months.

10 Customers who

11 participate and reduce their usage by over 5% as
12 compared

13 to the same month in the prior year receive a bill
14 credit each month of five cents for each kilowatt saved
15 in excess of the 5% threshold. As of July 31, 2001,
16 Avista has credited customers' bills in the amount of
17 \$1,255,831.00.

18 On December 12, 2000, the Commission approved
19 Rule 26, which allows industrial customers supplied
20 through one-meter installation for a demand of not less
21 than 3000 Kva to voluntarily reduce loads in exchange
22 for a bill credit. The buy-back rate was to be based
23 on the power values in the wholesale market. At the
24 time of approval, the Company anticipated that the
25 credit amount offered to customers would be

1 approximately half of the wholesale market rate.

2 During the first period that the program was offered,
3 December 14 to December 22, 2000, three customers
4 participated. A total of 613 MWh were purchased by
5 Avista from those customers and \$134,900 was credited.

6 Avista did not extend power buy-back offers during the
7 months of January or February 2001 due to a combination
8 of sufficient system resources and pre-purchased power
9 as well as lower indexed prices than those experienced
10 in previous months. Avista has not filed any
11 additional reports to indicate there were any offers
12 made since then.

13 On April 5, 2001, the Commission approved the
14 third buy-back program. That program provided Avista's
15 Schedules 31 and 32 irrigation customers who used at
16 least 50,000 kWh during at least one previous
17 irrigation season, the option to sell power back to the
18 Company by reducing their historical consumption. To
19 be eligible, irrigation customers had to agree to
20 reduce their energy consumption by a minimum of 50,000
21 kWh from May to September 2001. Those customers saving
22 50,000 kWh or more were to be paid 10 cents per kWh
23 saved. Those customers saving from 25,000 kWh to
24 50,000 kWh were to be paid 5 cents per kWh. Finally,
25 those customers not saving at least 25,000 kWh would

1 not receive any compensation from the Company. After
2 October 31, 2001, Avista will verify each participating
3 irrigation customer's actual energy savings and then
4 make payments to them.

5 Q. Based on your findings regarding DSM, do you
6 think the Company has been successful in their efforts
7 to encourage and promote energy efficiency and
8 conservation?

9 A. The programs initiated by Avista are
10 relatively new programs and at this point it is
11 premature to judge their overall effectiveness.
12 However, the Company has emphasized the importance of
13 energy conservation and appears to be making a good
14 effort to promote reduced energy consumption by
15 offering these programs to its
16 customers.

17 Q. In your opinion, has Avista responded
18 appropriately in helping to mitigate the impact of
19 recent rate increases on customers?

20 A. Avista has demonstrated their concern for how
21 recent PGA and PCA increases and unseasonably cold
22 weather during the last heating season have impacted
23 customers. The Company has reinstated DSM programs,
24 increased the disconnect notice threshold, and
25 continued the CARES program for the elderly and the CLB

1 program. In addition, this year at the Commission's
2 request, Avista agreed to extend the winter Moratorium
3 through March for some Avista customers who had made an
4 effort to pay at least a portion of their bill during
5 the winter and did not have a balance of over \$400.00
6 as of March 31, 2001. Avista also contributed a total
7 of \$75,000.00 to twenty-nine different agencies
8 throughout their service territory with the stipulation
9 that the recipient must be an Avista customer and meet
10 the federal low income guidelines. As a direct result
11 of these programs and a 30% increase in financial
12 assistance, there was only a 4% increase in the actual
13 number of customers being disconnected this year over
14 last year. I believe that Avista has made a
15 substantive effort to promote energy conservation and
16 provide assistance to its
17 customers. I anticipate the Company will continue to
18 do
19 so in the future.

20 Q. Does this conclude your direct testimony in
21 this proceeding?

22 A. Yes, it does.
23
24
25